Additional Costs on Receiving & Warehouse Transfers

A guide to landing extra costs — freight, transport, duty, customs — onto your stock value

Introduction

When stock arrives, the price on the supplier's invoice is often not the full cost of getting that stock onto your shelf. Freight, import duty, customs clearance, and internal transport between your own warehouses all add real cost — and if you ignore them, your stock is undervalued and your margins look better than they really are.

Data Fusion lets you land these extra costs onto stock in two places:

- **Receiving** — when goods arrive from a supplier, in one of two ways depending on whether the extra cost is already a line on the Purchase Order, or is only an estimate at the time of receiving.
- **Warehouse Transfers** — when you move stock between your own warehouses and want to add the cost of getting it there (e.g. delivery/courier freight between sites).

> ⚠ **Important:** Every warehouse keeps its own average cost per item. Data Fusion does not use FIFO (first-in-first-out) costing — it uses a running weighted average, calculated separately for every warehouse. Adding a cost in one warehouse never changes the average cost of the same item sitting in a different warehouse.

Before You Begin — Prerequisites

- Items, stores, and suppliers are configured as normal.
- If you plan to use Estimated Additional Costs on receiving, at least one GL account must be flagged as an "Add Costs" account in your account setup — this is the holding/clearing account the estimate is posted against until the real invoice arrives.
- Sage is connected, if you want additional costs reflected there as well as in Data Fusion.

Tip: If you're not sure whether your GL accounts are set up for this, contact your Data Fusion administrator before proceeding.

Key Terms — Glossary

Term	What It Means
Additional Cost	Any extra cost added on top of the supplier's unit price to arrive at the true cost of stock — e.g. freight, duty, transport.
Landed Cost	The final cost of an item once all additional costs have been added — what it actually cost to get that unit onto the shelf.
Service Line	A non-stock line on a Purchase Order (e.g. "Transport") that represents a cost to be spread across the stock lines on the same order.
Estimated Additional Cost	A cost you know is coming (freight, duty) but haven't been invoiced for yet at the time of receiving. Entered manually against a GL account.
Holding / Clearing Account	The GL account an estimated cost is temporarily posted against, until the real supplier invoice for that cost arrives and you clear it manually in Sage.
Average Cost (per warehouse)	The running weighted-average unit cost of an item, tracked separately for every warehouse. Not FIFO — no first-in-first-out queue of costs.
Supplier Adjustment	A Sage posting that raises what you owe a supplier, offset against the holding/clearing account.
Item Adjustment	A Sage posting that changes an item's average cost and stock value.

Where This Happens

Task	Data Fusion	Sage
Add a transport cost that's a line on the PO	✓ (allocates automatically)	✓ (average cost revalued)
Add an estimated cost not yet invoiced	✓ (Estimated Additional Costs)	✓ (Supplier Adjustment + average cost revalued)
Add freight on a transfer between your own warehouses	✓ (always updates the destination warehouse's average)	Optional (tick "Update item average cost in Sage")
Clear the holding account against the real invoice once it arrives		✓ (manual journal)

The Full Workflow

Receiving — Two Ways to Add Costs

Data Fusion detects which situation you're in and shows you the right option — you never see both at once on the same receipt.

Scenario 1 — The extra cost is already a line on the Purchase Order

Use this when your supplier bills the freight/transport as its own line on the same PO as the stock (e.g. 10 units @ R100, plus one “Transport” line of R100).

1. Receive the PO as normal. Data Fusion detects the service line and asks: “Would you like to combine the total value of the invoice, including service item costs, and distribute the costs across the inventory items based on their average price?”
2. Choose “Yes, combine and allocate costs”. The transport line's value is spread across the stock lines in proportion to their value, and each item's landed cost includes its share.
3. Choose “No, keep costs separate” if you'd rather the service line stay a separate cost and not touch stock value at all.
4. On completing the receipt, the landed (uplifted) cost is written to the stock ledger and, if a lot number is used, to the lot — and Sage's average cost for that item is revalued to match.

⚠ **Important:** This only applies on a complete receive (nothing left outstanding on the line). On a partial receive, Data Fusion falls back to the base cost and you allocate the extra cost manually once the order is finished.

Scenario 2 — The extra cost isn't invoiced yet (estimate)

Use this when you know there will be freight, duty, or customs costs, but don't have the actual invoice yet.

5. On the Receiving screen, click “Estimated Additional Costs”.
6. Enter the Supplier, the GL Account (the holding/clearing account this estimate should sit against), the VAT type, the total value (excl. VAT), and a reason/description.
7. Add as many estimated cost lines as you need (e.g. one for freight, one for customs).
8. Complete the receipt as normal (fully receive the line(s) the estimate applies to).

The total value of all your estimated costs is automatically split across the fully-received stock lines, in proportion to their value, and added to each item's landed cost.

⚠ **Important:** Estimated costs only apply to lines that are fully received in that action, and only when the receipt is marked complete. Anything left outstanding is not touched.

Warehouse Transfers — Adding Freight Between Stores

9. Create the transfer as normal, selecting the source and destination warehouse.
10. Enter the Additional Cost (e.g. courier/freight to move this stock) and a description.
11. Tick “Update item average cost in Sage?” if you also want Sage's average cost for these items updated to reflect the freight (optional — see Understanding the Financial Transactions below).
12. Complete the transfer.

The freight is spread evenly per unit across everything on the transfer slip, and added to the cost of the stock at the destination warehouse only. The stock leaving the source warehouse keeps its existing cost — a transfer never changes the cost of stock left behind.

⚠ **Important:** Rejected stock (goods you turn away on receiving) is never given a share of additional costs — it's valued at the base supplier price only, since the reject was already accounted for in the supplier invoice.

Understanding Average Cost Per Warehouse

This is the most important thing to understand about Additional Costs: **every warehouse has its own average cost for every item, and Data Fusion does not use FIFO.**

How it works:

- Each time stock comes into a warehouse, that warehouse's average cost re-blends: the new stock's value is added to what's already there, and divided by the new total quantity.
- Each time stock leaves a warehouse, it leaves at that warehouse's current average — the average itself doesn't change on the way out.
- Two different warehouses holding the same item can (and usually do) have different average costs, because they've each received stock at different times and different landed costs.

Example: Warehouse A has 50 units of an item at an average cost of R100. You receive 50 more units, landed cost R120 each (base price plus its share of freight):

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New average = (50 × R100 + 50 × R120) ÷ (50 + 50) = R110
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Warehouse B, which never received that delivery, keeps whatever average it already had — completely unaffected by what happened in Warehouse A.

Understanding the Financial Transactions

This section is for anyone who needs to know exactly what hits the books — useful if your accountant asks “where did this number come from?”

Scenario 1 (in-PO service line, e.g. transport):

Sage's average cost for the item is revalued directly: a stock-out adjustment at the old cost, followed by a stock-in adjustment at the new landed cost (old cost plus the allocated share of the service line). No separate clearing account is used — the service line's value was already part of the same invoice.

Scenario 2 (estimated additional costs):

Two things are posted to Sage, not one — and this is deliberate, not double-counting:

13. A Supplier Adjustment — raises the amount owed to that supplier by the estimated value, offset into the holding/clearing GL account you chose. This is a provisional entry: it records that you expect to owe more than the original invoice, without touching a real supplier invoice yet.
14. An Item Adjustment — separately revalues the item's average cost/stock value upward by the same allocated amount, exactly as in Scenario 1.

Together, these mean your stock value is correctly uplifted immediately, while the extra liability sits visibly in the holding account until the real freight/duty invoice arrives. At that point, you clear the holding account manually in Sage against the actual supplier invoice — Data Fusion does not do this reconciliation automatically, and does not track or flag any variance between your estimate and the real invoice.

Warehouse Transfers:

- Data Fusion always adds the freight to the destination warehouse's own average cost — this part is not optional.
- Updating Sage is optional (the “Update item average cost in Sage?” tick box). If ticked, Sage's average cost is lifted using the same stock-out/stock-in adjustment pattern as receiving — but because Sage only holds one average cost per item company-wide (it does not track cost per warehouse), the freight raises Sage's single company-wide average, spread across all stock on hand everywhere, not just the units that were transferred. Data Fusion's own per-warehouse figures stay correct regardless of whether this box is ticked.

Common Mistakes to Avoid

- **Expecting a partial receipt to allocate additional costs.** Both receiving methods only apply extra costs once the line (or the whole receipt) is fully received. Partial receives are landed at base cost; you handle the extra cost manually once complete.
- **Assuming rejected stock shares in the additional cost.** It doesn't — rejects are valued at the base supplier price.
- **Forgetting to tick “Update item average cost in Sage?” on a transfer** and then wondering why Sage's average didn't move. Data Fusion's own figures are always correct; Sage only updates if you ask it to.
- **Expecting Sage's average cost to match a specific warehouse's average.** Sage has one average per item for the whole company; Data Fusion has one per warehouse. They will not be the same number, and that's by design.
- **Not clearing the holding account.** Estimated additional costs leave a balance sitting in the holding/clearing GL account until you manually journal it against the real invoice in Sage. Data Fusion does not do this for you.